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September 21, 2001

Mary L. Cottrell, Secretary
Department of Telecommunications & Energy
Commonwealth of Massachusetts
One South Station, 2nd Floor
Boston, Massachusetts 02110

Re: D.T.E. 01-31 – Alternative Regulation

Dear Ms. Cottrell:

Enclosed for filing in the above-captioned matter, please find copies of the Rebuttal Testimony of Robert Mudge, William E. Taylor and Michael J. Doane on behalf of Verizon Massachusetts. Portions of the testimony and attachments contain proprietary information which has been redacted from the public record version of the filing. Under separate cover, the Company also is filing a Motion for Confidential Treatment relating to the proprietary information. In light of the Hearing Officer's ruling of September 14, 2001, concerning the confidential treatment of similar highly competitive data, the proprietary versions of the testimony are being provided only to the Department and those parties that execute a mutually acceptable protective agreement.

In its *Interlocutory Order on Scope* dated June 21, 2001, the Department reviewed various arguments on the scope of the proceeding and decided to bifurcate the investigation into "consecutive phases."¹ In the first phase, the Department will "undertake an investigation into the levels of competition, the specific standard of review, and the necessary Department findings regarding sufficient competition."² The second phase of the proceeding will "be governed by the outcome of the first."³ The Department held that only following its Phase 1 investigation would it determine "*whether* the additional categories that intervenors have argued should be included in the scope of this proceeding (e.g., universal service funding, price floors, access reform, a full rate case or earnings review, etc.) will be part of the second phase"⁴ (emphasis added).⁵

¹ *Interlocutory Order on Scope* at 17.

² *Interlocutory Order on Scope* at 17.

³ *Interlocutory Order on Scope* at 17.

⁴ *Interlocutory Order on Scope* at 18.

Notwithstanding the clarity of the Department's ruling on the scope of this proceeding, AT&T provided testimony on the issue of carrier access, claiming that "the level of competition and access rates are integrally linked and must be viewed as such."⁶ In light of the Department's unambiguous holding that Phase 1 "deals exclusively" with the state of competition in Massachusetts, Verizon MA is deferring the filing of responsive access testimony (except for limited rebuttal directed to bundled service offerings and pricing above incremental costs)⁷ in compliance with the Department's *Interlocutory Order on Scope*. The Company reserves the right to file relevant additional testimony when and if appropriate in Phase 2.

Thank you for your attention to this matter.

Very truly yours,

Victor D. Del Vecchio

cc: Paula Foley, Esquire, Hearing Officer (2)
Michael Isenberg, Esquire, Director-Telecommunications Division
Attached Service List

mlc-01-31-9-21-01

⁵ See also *Interlocutory Order on Verizon Massachusetts' Appeal of Hearing Officer's Ruling Denying Motion for Protective Treatment* dated August 29, 2001, at 9 ("Phase 1 of this proceeding deals exclusively with the state of competition in Massachusetts...."); & *Hearing Officer's Ruling on Motion of AT&T Communications of New England, Inc. for Leave to Seek Reconsideration or Clarification* dated August 20, 2001, at 4 ("As the Scope Order was not silent as [sic] the issue of when the Department would address the possibility of considering intrastate access reform as part of this proceeding, I question AT&T's ability to show in a motion, for clarification that the Scope Order was sufficiently ambiguous on that issue as to require clarification.")

⁶ *Testimony of John W. Mayo* dated August 24, 2001 ("*Mayo Testimony*") at 13; see also Mayo Testimony at 35-45.

⁷ See *Rebuttal Testimony of William E. Taylor* dated September 21, 2001, at 23-26.